

PUBLIC DISCLOSURE

May 23, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BROOKLINE MUNICIPAL CREDIT UNION
67340**

**334 WASHINGTON STREET
BROOKLINE MA, 02447**

**DIVISION OF BANKS
1000 WASHINGTON STREET, 10th FLOOR
BOSTON, MA 02118**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **BROOKLINE MUNICIPAL CREDIT UNION (or the "Credit Union")** prepared by the Division, the institution's supervisory agency, as of **MAY 23, 2011**. The Division evaluates performance in the assessment area(s), as they are defined by the institution. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The assessment of Brookline Municipal Credit Union's record takes into account its financial capacity and size, legal impediments and local economic conditions, including the competitive environment in which it operates.

According to CRA regulations, an institution shall delineate one or more assessment areas in which the institution will serve to meet the credit needs of its community and by which the Division will evaluate the institution's CRA performance. Credit unions whose membership by-laws provisions are not based upon residence are permitted to designate its membership as its assessment area. Therefore, since the Credit Union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted as such an analysis would not be meaningful. This evaluation was based upon an analysis of the Credit Union's performance in providing loans to its membership; providing loans to individuals of various incomes, including low to moderate-income members; and the Credit Union's fair lending performance.

Shares from the membership are returned to members in the form of mortgages and installment loans. Loan-to-share ratios are at a satisfactory level. The distribution of loans to borrowers of different income levels is considered reasonable and is representative of the membership.

The Review of Complaints and Fair Lending section indicates that the Credit Union has made reasonable efforts in attracting all applicants within its membership.

PERFORMANCE CONTEXT

Description of Institution

Brookline Municipal Credit Union is a full service credit union serving its membership as defined in its bylaws. The Credit Union was established in 1939 as a state-chartered credit union. The Credit Union has one office located at 334 Washington Street Brookline, Massachusetts.

As of March 31, 2011, the institution had total assets of \$37,629,176 and a loan portfolio totaling \$15,487,687 or 41.2 percent of the Credit Union's total assets. The largest portion of the loan portfolio is comprised of First Mortgages Real Estate Loans/Lines at 72.1 percent of total loans outstanding, followed by Real Estate Loans/Lines of Credit at 14.1 percent; used car loans at 5.1 percent; and new car loans at 4.3 percent.

The hours of operation are Monday through Friday from 8:30 am- 4:00 pm.

The Division last examined the Credit Union for compliance with the CRA on October 23, 2006. That examination resulted in a CRA rating of "Satisfactory".

Description of Assessment Area

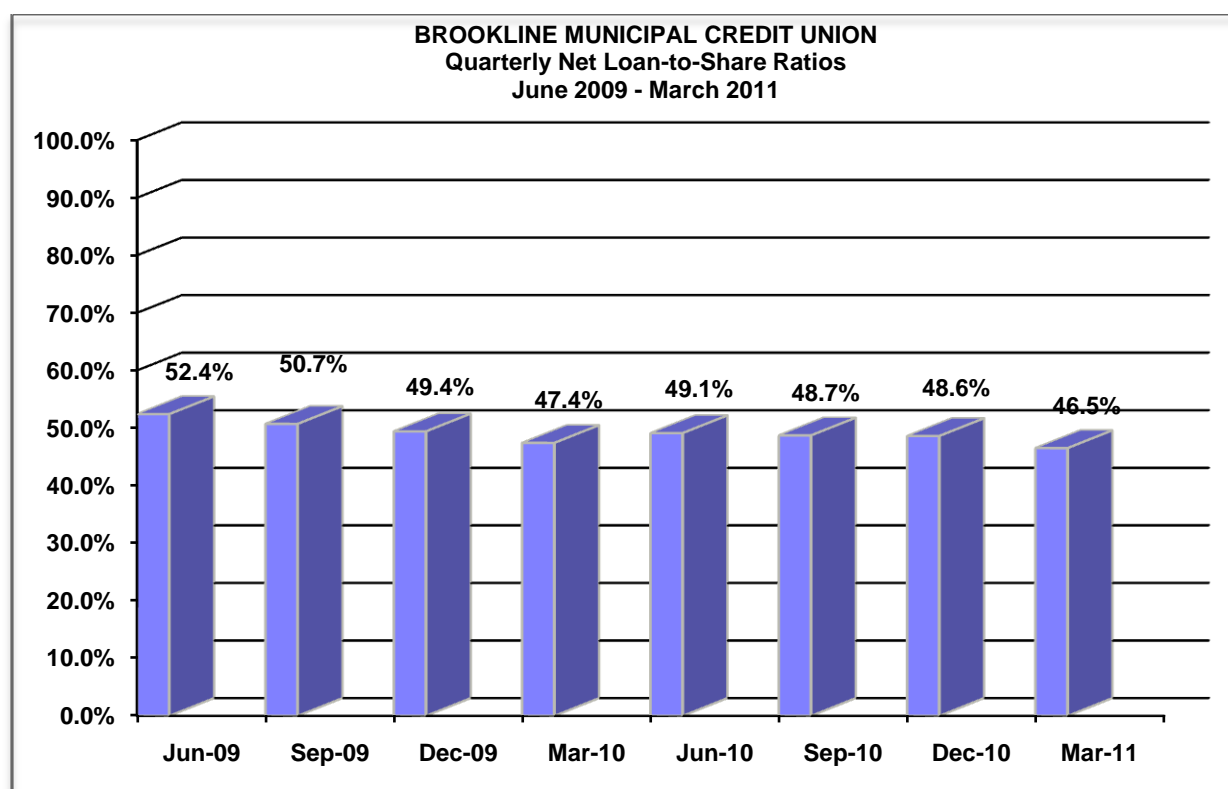
In accordance with the requirements of 209 CMR 46.41, the Credit Union defines its membership as its assessment area. According to the Credit Union's bylaws "membership is limited to those who are employees or retired employees of the Town of Brookline, employees of the credit union and any person who lives or works in the Town of Brookline or has retired from employment in the Town of Brookline and members of the families of all such persons. One thousand other persons who live or work outside the Town of Brookline and their families may also become members..." The Credit Union has a current membership of 2,776 members.

PERFORMANCE CRITERIA

1. LOAN TO SHARE (“LTS”) ANALYSIS

Based upon the Credit Union’s asset size, its capacity to lend, and the credit needs of the membership, the Credit Union’s net loan-to-share ratio indicates that the Credit Union meets the standards for satisfactory performance.

An analysis of the Credit Union’s net LTS ratio was performed using the National Credit Union Administration (NCUA) quarterly call report data for the period June 30, 2009 through March 31, 2011. The analysis was conducted to determine the Credit Union’s lending compared to the shares received from its membership. The average net LTS ratio for the period reviewed was 49.0 percent. The highest ratio was 52.4 percent as of June 30, 2009 and the lowest ratio was 46.5 percent as of March 31, 2011.



The Credit Union has experienced a slight decline in net loan-to-share ratios over the last eight quarters. This trend may be a result of the Credit Union’s members saving more because of economic times, increasing funds in share accounts. However, according Credit Union management, there has been an increase in auto loans over the last year.

Brookline Municipal Credit Union’s net LTS was compared to the ratios of other similarly situated institutions. The ratios used were as of March 31, 2011. The percentages range from a low of 21.8 percent to a high of 39.6 percent. Please refer to the following table for more details.

Net Loans-to-Share Ratios			
Credit Unions	Net Loans	Shares	Net Loans To Shares Ratio
600 Atlantic Credit Union	7,790,967	19,682,331	39.6%
Cambridge Teachers Credit Union	7,660,769	25,685,124	26.5%
Alpha Credit Union	5,703,157	22,731,192	25.1%
Peabody Municipal Credit Union	4,156,040	19,043,124	21.8%

Source: NCUA Call Report Data as of March 31, 2011

Based on the preceding information, the Credit Union's performance level is considered adequate.

2. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Credit Union's lending, based upon the analysis of consumer loans by borrower income, meets the standards for satisfactory performance in providing credit to members of all income levels.

The four income categories that define the income level of borrowers include low-, moderate-, middle- and upper-income. The analysis of borrower income level was identified as the ratio of borrower income to the Median Family Income for the Metropolitan Statistical Area ("MSA") or Metropolitan Division ("MD").

As defined by the U.S. Department of Housing and Urban Development ("HUD"), low-income is defined as income level or area that earns less than 50 percent of the MSA's median family income. Moderate-Income is defined as income level or area that earns 50 percent to less than 80 percent of the MSA's median family income. Middle-income is defined as income level or area that earns 80 percent to less than 120 percent of the MSA's median family income. Upper-income is defined as income level that is equal to or greater than 120 percent of the MSA's median family income.

The borrower income analysis was based on the median family incomes for the Cambridge/Newton/Framingham MSA and Boston/Quincy MSA for 2009 and 2010. These figures were \$93,000 and \$97,100 and \$83,900 and \$85,200, respectively.

A review of loan files from 2009 and 2010 was conducted to determine the borrower's income level. Refer to the chart below which provides the distribution of loans by borrower income level.

DISTRIBUTION OF LOANS BY BORROWER INCOME						
Median Family Income Level	Credit Union 2009		Credit Union 2010		Credit Union Total	
	#	%	#	%	#	%
Low	2	6.7	0	0	2	4.2
Moderate	10	33.3	4	22.2	14	29.2
Middle	9	30.0	7	38.9	16	33.3
Upper	9	30.0	7	38.9	16	33.3
Total	30	100.0	18	100.0	48	100.0

Source: Credit Union records for 2009 and 2010

The review of loan originations by borrower income would not include comparison to the performance of aggregate lenders as the Credit Union is not a reporter under the Home Mortgage Disclosure Act. Further, as the Credit Union's membership is not based on geographic location of the borrower, comparison of distribution of lending based on a specific geographic designation would not be accurate.

The Credit Union's performance reflects willingness to provide loan products to borrower's of all income levels, reflecting reasonable performance.

3. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the Credit Union's performance relative to fair lending policies and practices, the institution meets the standards for satisfactory performance.

Review of Complaints

Brookline Municipal Credit Union has not received any CRA-related complaints during the period under review.

Fair Lending Policies and Practices

The Credit Union's fair lending policies and practices are considered satisfactory. No discriminatory lending practices were noted. The following discussion is based on the guidelines of Division's Regulatory Bulletin 2.3-101.

The Credit Union has six full time employees who manage the day-to-day operations at the Credit Union's Main office location in Brookline. Over recent years, the Credit Union has opened its membership to include individuals living and working in local housing authorities. Opening the Credit Union's membership has allowed the Credit Union to serve the needs of the low- and moderate-income individuals living in Brookline.

Loan products are promoted through statement stuffers to existing members, as well as newsletters and flyer advertisements.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 334 Washington, Brookline MA 02447"

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.